

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6673**

**BILL NUMBER:** SB 315

**NOTE PREPARED:** Feb 16, 2012

**BILL AMENDED:** Feb 16, 2012

**SUBJECT:** Charity Gaming.

**FIRST AUTHOR:** Sen. Head

**FIRST SPONSOR:** Rep. Messmer

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill establishes an annual comprehensive charity gaming license for national organizations and foundations meeting certain eligibility requirements. It permits the Indiana affiliates of a national organization or foundation to conduct raffle events and door prize events under a single annual comprehensive charity gaming license. It prescribes the following: (1) Who may serve as an operator or worker under the license. (2) The procedural requirements for obtaining the license. (3) The requirements for conducting particular events. (4) When a worker may purchase a raffle ticket at a raffle event conducted under the license. (5) Limits on the frequency of events. (6) The method of determining an organization's initial license fee. (7) The method of determining an organization's license renewal fee. It reduces the time an organization must exist in Indiana before becoming eligible to obtain a charity gaming license from five years to three years. It provides that the initial license fee for a charity gaming license is \$50 for licenses other than the annual comprehensive charity gaming license. (Current law grants the IGC discretion to establish the initial license fee at an amount that may not exceed \$50, which is the amount the IGC has selected.) It allows patrons to deal the cards in certain poker games conducted at a charity game night. (Current law allows patrons to deal only in euchre games.) It prohibits a patron from playing at a table for which the patron deals the cards. It specifies rules applicable to games of Texas hold'em or Omaha poker in which a patron deals the cards. It also requires the operator or a worker to deal the cards at the final table of a tournament.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Summary* - The bill establishes an annual comprehensive charity gaming license for Indiana affiliates of certain national organizations or national foundations (see definitions below) to conduct raffle events and door prize events. The impact on the Indiana Gaming Commission (IGC) of

administering the new license is unknown. However, any additional cost to the IGC due to this bill would be paid with revenue from the charity gaming excise tax and the charity gaming license fee.

*Background Information* - In FY 2011, the charity gaming excise tax generated about \$1.3 M and the charity gaming license fee generated about \$4.3 M. Revenue from these sources is distributed to the Charity Gaming Enforcement Fund. After (1) the costs of charity gaming administration are subtracted and (2) distributions are made to the License Control Division and the Gaming Control Division, revenue remaining in the Fund is distributed quarterly to the Build Indiana Fund.

**Explanation of State Revenues: Summary** - The bill does the following.

(1) The bill establishes the annual comprehensive charity gaming license limited to raffle events and door prize events for certain national organizations which would require payment of a license fee on the current license fee schedule. This change could potentially lead to a minimal increase in licenses. The extent that affiliates of national organizations currently holding annual raffle licenses, single event raffle licenses, or door prize licenses might attempt to shift to the comprehensive license is indeterminable and would depend on a number of factors.

(2) The bill reduces the requirement for an organization to have existed in Indiana before obtaining a charity gaming license. This change could potentially lead to an indeterminable increase in licenses.

With respect to both changes, if charity gaming conducted by these additional licensees doesn't displace spending on charity gaming events held by other organizations, the changes in the bill could lead to a marginal increase in revenue from charity gaming license fees and the charity gaming excise tax.

(Revised) *Background Information - Comprehensive License*: The bill establishes the license for Indiana affiliates of certain national organizations or national foundations. A national organization or national foundation could obtain a single comprehensive license which would apply to all of its affiliates in Indiana. Under the comprehensive license, the Indiana affiliates could conduct raffle events and door prize events.

The bill defines a "bona fide national foundation" as an organization that: (1) operates without profit to the organization's members; (2) is a federally tax exempt organization; (3) is related in both its mission and organization to a bona fide national organization; and (4) has provided grants to Indiana organizations in excess of \$50,000 in each of the three years preceding application for the license. The bill defines a "bona fide national organization" as an organization that: (1) operates without profit to the organization's members; (2) is a federally tax exempt organization; (3) has a national membership; and (4) has been continuously in existence in Indiana for at least 3 years. Examples of organizations that might qualify under these definitions are the National Rifle Association, Ducks Unlimited, and the National Wild Turkey Federation. The bill defines an "Indiana affiliate" as: (1) an Indiana chapter of a bona fide national organization that operates without profit to the organization's members and is a federally tax exempt organization; or (2) an association or committee of Indiana residents authorized by a bona fide national foundation to conduct allowable events and other fund raising events for the benefit of the bona fide national foundation.

The license fee schedule for the comprehensive license is the same as for current charity gaming licenses except that the fee would be determined based on the combined adjusted gross revenue from charity gaming of all Indiana affiliates of a national organization or foundation instead of based on the adjusted gross revenue of

each Indiana affiliate separately.

Organizational Existence Requirement: The bill reduces from 5 years to 3 years the requirement that an organization be in existence in Indiana to obtain a charity gaming license. This change could increase the pool of Indiana organizations that could qualify for a charity gaming license. It is unknown how many additional organizations could, as a result, apply and be approved for a charity gaming license.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Gaming Commission.

**Local Agencies Affected:**

**Information Sources:** Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2011.

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